THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) Government has suggested to SEBI to consider examining systemic issues in IPO process to prevent recurrence of the irregularity noticed by SEBI recently while investigating into the IPOs made by Yes Bank Ltd. and IDFC.

(c) SEBI has not given any advice to Banks regarding compliance with KYC norms.

(d) and (e) The KYC guidelines as applicable to Banks are issued by RBI from time to time, which were consolidated and reiterated last *vide a* Master Circular dated November 29,2004. While emphasizing the need for appropriate customer identification and the need for monitoring transactions of a suspicious nature, RBI has, however, advised banks to ensure that the procedure adopted does not lead to denial of access to the general public for banking services. Further, with a view to achieving the objective of greater financial inclusion, all banks are advised to make available a basic banking "no frills" account either with nil or very low minimum balances as well as changes that would make such accounts accessible to vast sections of population. The nature and number of transactions in such accounts could be restricted, but made known to the customer in advance in a transparent manner. All banks are advised to give wide publicity to the facility of such a "no-frills" account including on their web sites indicating the facilities and charges in a transparent manner.

ADB loan to Kerala

1512. SHRI N.K. PREMACHANDRAN: Will the Minister of FINANCE be pleased to state:

(a) whether the ADB extend any grants for undertaking restructuring activities in Tsunami hit areas of Kerala coast;

(b) whether the State Government of Kerala has initiated any steps to make use of the grant and if so, whether the required details called for by the ADB were submitted for availing such grant; and

(c) whether the State Government of Kerala was granted any loans by ADB for Tsunami release work and since when the proposal for grant was pending?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) Yes, Sir. ADB has extended a grant of US $23.80 million under theTEAP [Tsunami Emergency Assistance (Sector) Project] to Kerala for undertaking restructuring activities in Kerala.

(b) State Government of Kerala has taken necessary steps to make use of the Grant. Claims for an amount of Rs. 8.29 crores for reimbursement have already been submitted by Government of Kerala. All the details called for by ADB were submitted for availing the grant.

(c) In addition to the grant of US $23.80 million, ADB has provided a loan of US $ 32.45 million under the TEAP [Tsunami Emergency Assistance (Sector) Project] to Kerala. The agreement was signed on 12th May, 2005 and became effective *w.e.f.* 1st June, 2005. There is no proposal for grant pending with ADB.

Rate of interest on loans by banks

†1513. SHRI RAM JETHMALANI:
SHRI RAVI SHANKAR PRASAD:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Public Sector as well as private sector banks offer loans for various sectors and charge interest thereon; and

(b) the minimum and the maximum rate of interest fixed by banks for the year 2005-06 for different categories of loans, category-wise?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) Yes, Sir. The Reserve Bank of India (RBI) has deregulated the interest rate on advances above Rs. 2 lakh *w.e.f.* October 18,1994. The Boards of the Banks have been empowered to decide the Benchmark Prime Lending Rate (BPLR) as also the spread over BPLR. The individual banks, therefore, determine interest rates to be charged to a particular borrower subject to the BPLR and spread guidelines. For credit limits up to Rs. 2 lakh, banks have been asked to charge interest not exceeding to their BPLR. Banks are free to charge interest on consumer loans/housing loans without reference to their BPLR.

The median lending rate for term loans in respect of public sector banks was 8.00-11.63 per cent in December, 2005 as against 8.38-12.00 per cent in March 2005 while it moved to 9.25-13.00 per cent in respect of private sector banks from 9.00-13.00 per cent during the same period.

Capital investment in foreign countries by mutual funds

†1514. SHRI RAJ MOHINDER SINGH MAJITHA:
DR. MURLI MANOHAR JOSHI:

Will the Minister of FINANCE be pleased to state:

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†Original notice of the question was received in Hindi.